China, Moving to Cut Emissions, Halts Production of 500 Car Models

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Highlight: The suspensions pointed to Beijing's growing willingness to test forceful antipollution measures and assume a leading role in the fight against climate change.

Body

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China is suspending the production of more than 500 car models and model versions that do not meet its fuel economy standards, several automakers confirmed Tuesday, the latest move by Beijing to reduce emissions in the world's largest auto market and take the lead in battling climate change.

The government-affiliated China Vehicle Technology Service Center said that the suspension, effective Jan. 1, would affect both domestic carmakers and foreign joint ventures.

The move was expected to affect a small share of car manufacturing in China, where 28 million vehicles were produced in 2016. China has dozens of small-scale automakers — some producing just a few hundred cars a year — and the central government has tried to consolidate its auto industry, a factor that most likely also played a role in the suspension. Model versions — for example, different combinations of an engine and transmission — are constantly being deregistered.

Cui Dongshu, the secretary general of the China Passenger Car Association, said that the ban would affect at most 1 percent of the Chinese market. But the government's decision to cite fuel economy in the deregistration of so many versions at the same time is nonetheless a signal of the government's commitment to fuel economy.

The country, which for years prioritized economic growth over environmental protection and now produces more than a quarter of the world's human-caused greenhouse gases, has emerged as an unlikely bastion of climate action after President Trump's rejection of the Paris climate agreement.

Chinese leaders are under intense pressure to rein in dangerous air pollution, a hot-button issue in China, where thick smog has at times forced schools and businesses to temporarily shut down. Late last month, China said it was going ahead with plans to create the world's largest carbon market, giving Chinese power companies a financial incentive to operate more cleanly.

"They're sending a signal to everybody — that this is for real," said Michael Dunne, president of Dunne Automotive, a Hong Kong-based consultancy on China's clean car market. "This shows their emissions standards have teeth."

The Chinese government has already become the world's biggest supporter of electric cars, offering automakers numerous incentives for producing so-called new energy vehicles. Those incentives are set to decrease by 2020, to be replaced by quotas for the number of clean cars automakers must sell. That has spurred global automakers to pick up the pace in their shift toward battery-powered cars.

By contrast, the United States is considering relaxing tailpipe emissions standards and very nearly killed off a tax credit for electric vehicles during its latest tax overhaul.

The fact that Chinese automakers like the state-run giant Dongfeng Motor Corporation did not appear to be spared "shows that the government is not playing favorites in trying to meet their goals," said Bruce M. Belzowski, managing director of the Automotive Futures group at the University of Michigan Transportation Research Institute.

The Chinese government had long held back from aggressive emissions standards to allow its own automakers to catch up with the latest clean car technology. But that is changing, with the government setting increasingly stringent tailpipe rules.

The latest development "is a testimony to how quickly their own automakers have evolved," Mr. Dunne said. "They're saying: We're ready to play this game."

Foreign automakers were still tallying the effect of the suspension on Tuesday. Volkswagen, General Motors, Honda and other foreign automakers in China referred queries on specific numbers to their Asia offices. Rebecca Kiehne of BMW, which runs the BMW Brilliance joint venture in China, said the company was not yet prepared to comment.

Han Tjan, a spokesman for Daimler, said production would not be affected at its Beijing Benz joint venture with the Chinese car manufacturer BAIC Motor Corporation. The only car covered by the suspension was a high-end E-Class model the venture has not manufactured since 2016, he said.

The United States regulates cars by model years, and also approves various versions of each model. Each version may no longer be sold in the new car market if it was built to meet a previous model year's regulations and the regulations are different for the new model year.

By contrast, China relies on a system of assigning a number to each version of a model. When an automaker tweaks a car's design to improve its appeal or improve its regulatory compliance, whether annually or at some other interval, the new version receives a new number. China deregistered 553 of these numbers effective Dec. 31.

Global automakers will have no choice but to meet the increasingly stringent government policies in China, said Michelle Krebs, an analyst at the AutoTrader Group.

"The simple fact that China is the biggest market means automakers will be accommodating," she said.

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